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HealthSouth's Corp. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question is coming from Ann Hynes of Leerink Swann.

Ann Hynes - Leerink Swann

Good morning.

Jay Grinney

Good morning, Ann.

Ann Hynes

So thanks for that explanation on the EPS because I think there was a lot of confusion. So just to go back to it, your \$0.20, is that comparable apples-to-apples to your \$0.30 to \$0.38 guidance, using the fully diluted shares. I think some people are using basic shares, some people are using dilutive shares, but so I guess everyone's on the same basis. It's that \$0.20 is on fully diluted, you're excluding the preferred -- I guess that includes the preferred in the share counts.

John Workman

It includes the preferred in the share counts.

Ann Hynes - Leerink Swann

Share counts, okay.

John Workman

And that is the apples-to-apples, and we did the \$0.30 to \$0.38 a share, we did fully diluted. We did fully diluted because as you look in the out years, we think that's the most appropriate determination. It does get a little bit complicated in quarters in which you have a loss.

Ann Hynes - Leerink Swann

Loss, yeah.

John Workman

Ultimately on a reported basis, you can have abnormal impact, if you look at reported numbers and start to normalize between primary shares and fully diluted, so everything that we've given is on a fully diluted basis, but to your point, it is \$0.20 on a full fully diluted basis, and that compares to the \$0.30 to \$0.38 for the year.

Ann Hynes -Leerink Swann

Okay.

John Workman

We'll continue to try to make it uncomplicated but not having it.

Ann Hynes - Leerink Swann

No, it's helpful. I think everyone on the first call is using different assumptions, so it gets confusing.

John Workman

No, I think that's a great question, and we do hope that everyone will understand that explanation and then we'll be able to, as you said, look at things on a consistent basis. Okay. Next question?

Operator

Our next question is coming from Adam Feinstein of Lehman Brothers.

Adam Feinstein - Lehman Brothers

Okay, thank you.

Jay Grinney

Good morning.

Adam Feinstein - Lehman Brothers

Good morning. Just maybe just get you to comment on the recent proposed reg that came out, CMSA a couple weeks ago, looked like there was something major in there, but there were some minor changes around outlier payments and just some changes in the relative weights for the CMGs. Just curious in terms of your initial read? Thank you.

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